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SUBJECT: AZERBAIJAN: AMBASSADOR MORNINGSTAR MEETING WITH PRESIDENT ALIYEV

Classified By: ADCM J. Robert Garverick for reasons 1.4 b and d.

**¶11. (U) SUMMARY AND COMMENT:** On January 15, Ambassador Morningstar met with President Ilham Aliyev, and separately with Foreign Minister Mammadyarov, to discuss the status of various issues in the region and emphasize the U.S. desire to maintain strong bilateral relations with Azerbaijan. They discussed a broad range of topics, including: energy security and transit issues, as well as potential markets and delivery alternatives; Turkey-Armenia rapprochement and U.S. humanitarian aid to Nagorno Karabakh Russia's role in the region; and underlying political, cultural, and religious differences with Turkey. The most significant topics of the meetings centered on Armenia and Nagorno Karabakh. However, the greatest revelations stemmed from Aliyev's insights that the souring of relations with Turkey go well beyond the current economic and political disagreements. Minister Mammadyarov echoed most of President Aliyev's sentiments and added that he believed nothing would be accomplished on the energy front until the end of April. End Summary and Comment.

**¶12. (C)** In a frank and open discussion with Ambassador Morningstar, President Aliyev praised the Obama Administration and Secretary Clinton, saying that the doctrine of "change" was very encouraging and well received by Azerbaijan and in the region. He noted that he hoped "this would lead to significant changes in attitudes and policies toward this part of the world."

ENERGY ISSUES

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**¶13. (C)** Turning to energy issues, President Aliyev expressed his frustration that there had been no real movement on energy discussions with Turkey. He claimed the Europeans were "too passive" and that Turkey was being "difficult." He stated that Turkey thinks they are a "key country" in energy security, and suggested that naming any country a "key country" creates unnecessary difficulties.

**¶14. (C)** Aliyev noted that Azerbaijan has "extra" gas they want to sell, but regarding potential markets, he claimed "the Russians don't need it" and while Iran may need it, there are "problems there." He expressed disappointment with the proponents of the Nabucco pipeline, explaining that while the transit countries had made an agreement, they had not taken any real "practical" steps. He contrasted this with the deal between China and Turkmenistan, where China quietly went in and built the pipeline and now they are receiving Turkmen gas. He further criticized the Europeans for not taking a serious investment approach to gas transit issues, claiming this created a negative atmosphere which undermined their credibility. Aliyev noted that these countries express interest in having alternative source of energy; yet continue to make contradictory and ambiguous moves. He even noted

that Azerbaijan has enough extra capacity this year to supply nearly all of Greece's needs.

¶ 15. (C) When asked about the status of negotiations with Turkey, Aliyev was dour. He stated that Turkey refuses to agree on a new pricing scheme for Shah Deniz (SD) 1 gas and transit tariffs. He did note that they had made some progress on volumes, although he chalked that up to the fact that currently Turkey does not need as much gas now as it did before. Aliyev asserted that Azerbaijan cannot sanction development of SD 2 without agreement on these first points, complaining that Azerbaijan is losing investment opportunities on SD2 and that the current PSA will be expiring soon. He noted that further delays will create a need for Azerbaijan to look in other directions to deliver its gas. He stated that Azerbaijan has made all of the concession it can and that the decision to agree or not now lies with Turkey.

#### PROBLEMS WITH ARMENIA

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¶ 16. (C) The discussion then turned to the process of Turkey-Armenia rapprochement with Aliyev stating "we are waiting to see" what the outcome will be, and noting that Azerbaijan does not intend to interfere with the process. He criticized Armenia for not fully accepting the Madrid principles, and complained that to support them and the Nagorno Karabakh (NK) separatists financially or otherwise only complicates the issues. He was cautious about the possible outcome of his upcoming meeting with Sargsyan in

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Moscow, and noted the mediators may need to step in to encourage the Armenians to accept the Madrid principles.

¶ 17. (C) Aliyev believes the NK separatists are pushing Armenia not to accept the Madrid principles in the course of Minsk Group negotiations, and criticized the U.S. Congress for allocating 8 million USD to aid NK, as a reward for bad behavior. The Charge explained to Aliyev that this aid was not to the "government" of NK, and assured him that the U.S. policy toward NK has not changed. He further explained that this aid is purely humanitarian and identical to the aid the U.S. gives to Azerbaijan for its internally displaced persons (IDPs) as well as the residents of Abkhazia and South Ossetia. The Charge also assured the President, that while this money has been allocated by Congress, it is unlikely that more than 2 million USD will actually be spent. He also promised to provide the President with details of similar allocations throughout the region.

#### RUSSIA'S GAME

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¶ 18. (C) Regarding the Turkey-Armenia protocols, Ambassador Morningstar asked President Aliyev what he thought of Russian Prime Minister Putin's statement about delinking the protocols from resolution on NK. Aliyev said that President Medvedev told him that Russia does not support this delinking, but that they cannot say so publicly. Aliyev believes that rapprochement, without progress on NK, will give Russia more leverage in its relations with Azerbaijan and that they have to support Armenia, because Yerevan is Russia's number one ally. He also opined that Russia considers opening the borders important to maintain its supply lines to Armenia, specifically with regard to arms and other goods. If successful, rapprochement without NK progress would undermine the relationship between Turkey and Azerbaijan as well. As a result, Armenia would gain, Turkey would gain "temporarily," and Russia would ultimately gain. Aliyev noted Turkey's gain would be only temporary, because the genocide question would come up again. Azerbaijan would lose because the Minsk process would stop, and Turkey-Azerbaijan relations would be irreparably damaged making energy, or any other cooperation, impossible.

¶9. (C) When asked what the U.S. government can do, Aliyev recommended that the U.S. strongly encourage Armenia to accept the Madrid principles, noting that Azerbaijan did so in Munich. He complained that at that meeting Armenia began trying to renegotiate points that had been agreed to previously, only beginning to behave constructively at the end of the negotiations. He said "the mediators know who is blocking" progress and entreated the U.S. not to do anything to encourage or please Armenia, because "they don't deserve it." Aliyev pointed out that Azerbaijan does not expect Armenia to agree to what Azerbaijan wants, but that agreement to the basic principles is vital to any hope for resolution or continued negotiations. Ambassador Morningstar encouraged the President to reiterate this message to Deputy Secretary Steinberg when they meet.

ADDITIONAL PROBLEMS WITH TURKEY - AZERBAIJAN IS "FED UP"

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¶10. (C) When asked whether the remaining difficulties with Turkey on gas sales and transit were primarily related to political or commercial issues, Aliyev was remarkably frank. He noted that the rapprochement process did indeed play a factor and that without that move Azerbaijan might have been able to concede to making more concessions to achieve a commercial solution. He claimed the rapprochement process had come as a complete shock to Azerbaijan when it started in ¶2007. He commented that Turkey had calculated the process to begin after conclusion of agreements on the Baku-Tbilisi-Ceyhan (BTC) pipeline, at a time when Turkey was not concerned that Azerbaijan would protest. He said, "Turkey miscalculated." He said that Azerbaijan considered this to be very "unfriendly" behavior and that he suspected them of hiding their true intentions at the time.

¶11. (C) Aliyev stated that Azerbaijan is "fed up" with what he claims are Turkish attempts to export religious extremism to Azerbaijan, especially through the education system. He believes Turkey is losing its secularity and that this is a direct threat to Azerbaijan. He noted that Turkey exports "its mosques" and its "agents of influence," and highlighted a "gang of sextants" the Azerbaijan security forces routed

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out of its own army. He expressed concern that Turkey considers Azerbaijan its "backyard;" whereas Azerbaijan merely wants equal, normal, brotherly relations with Turkey.

¶12. (C) Recalling that Azerbaijan's experience with Soviet "colonialism" was still fresh in its collective memory, Aliyev commented, "We do not need Turkey to advise or influence us." He noted that in the early days of Independence, Azerbaijan was concerned about protecting itself from Iranian religious influence, but never thought they'd have to protect themselves from Turkey.

¶13. (C) Aliyev lamented that once upon a time the Turkish and Azerbaijani foreign policies had been aligned and now Turkey has very different relations with a number of countries, including Russia, Iran, Syria and Israel. He said Azerbaijan is just trying to protect itself from this "Neo-Ottomanism" and that he hoped Turkey would return to positive relations with Azerbaijan, but highlighted that "it is up to them."

¶14. (U) Ambassador Morningstar has cleared this cable.  
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